

PLAIN TALKS

March
1984

SPARTUS

QUARTZ

1964 IS ALMOST OVER

MAIL BOX

THE COVER

When the clock strikes 7 a.m. on Jan. 1, 1985, GSU's 20-year natural gas contract with Exxon Corporation will come to an end. With it comes a new era of providing fuel in a highly competitive marketplace. This is only one of the challenges we face in 1984 as expressed at the 1984 Management Conference. To read about the conference and how some of GSU's top executives view the challenges we face, see the stories beginning on page five.

Ms. Doris Bodden
GSU/Baton Rouge

Dear Ms. Bodden,

On behalf of the staff and residents at the Battered Women's Program, I want to thank you and all the employees of GSU who so generously donated to us at Christmas. The new television is almost constantly providing entertainment for children and women at Zonta House, and the gifts you gave helped to make a nice Christmas for many battered women and their children.

At Christmas we are dependent on the community to a very great extent to help us provide the extras of the season. This year the employees of GSU were instrumental in that effort. Once again, thank you.

Sincerely,

Ann Lee

Capital Area Family Violence
Intervention Center, Inc.

Editor's Note: Doris Bodden, a stenographer-senior in Baton Rouge, served as secretary-treasurer of the Baton Rouge Children's Christmas Committee.

Mr. Jim Moss
GSU/Baton Rouge

Dear Mr. Moss,

Being in business myself, I know that it is unusual and refreshing to get a compliment rather than criticism, so I would like to pass a compliment on to you.

I am building a home in the Hill Subdivision and it was my wife's hope that we would be in the house prior to Christmas so we could move out of our apartment and have our children and grandchildren over for Christmas Day.

I appealed to Henry Green to have our electricity and gas connected and it was accomplished that very same day. Needless to say, we moved in that afternoon and enjoyed a fine and warm Christmas there.

My thanks to Gulf States and Mr. Green for coming to my rescue.

Cordially,

T. B. Beal Jr.

Editor's Note: Henry R. Green is a service foreman in the Baton Rouge Division.

Repair Department
GSU/Port Arthur, Texas

Gulf States Utilities,

I want to thank you so very much for coming to my rescue last night when my electricity went off. I hope you can pass my thanks on to the two men who worked so hard to restore my service.

Sincerely,

Mrs. T. C. McGill

Editor's Note: The two men who helped Mrs. McGill were Mike Frederick, who works as a lineman-1st class, and Wayne DuBois, a serviceman-1st class, both in Port Arthur.

PLAIN TALKS

Volume 63
March 1984

Number 3

Published for employees and retirees of Gulf States Utilities Company. Address all communications to PLAIN TALKS, Gulf States Utilities Company, P. O. Box 2951, Beaumont, Texas 77704, Phone (409) 838-6631.

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CONTENTS

PLAIN TALKS

Features:

- | | |
|---|-----------|
| Lee proud of 1983 safety program | 4 |
| Willow Glen, Lake Charles Division take top safety honors | |
| 1984 Management Conference | 5 |
| Challenges loom as 1964 ends | |
| Norman Lee — 1983 in review | 6 |
| No relief from weather or rates | |
| Joseph E. Bondurant — communicating with customers | 7 |
| Employees hold the key | |
| Joseph L. Donnelly — GSU's "pay-as-you-go policy" | 8 |
| Construction requires raising \$1 million a day | |
| Edward M. Loggins — fuel supply | 8 |
| Will the transition ever end? | |
| Dr. E. Linn Draper — necessary rate relief | 9 |
| Things customers must understand | |
| William J. Cahill — River Bend | 10 |
| Milestones reached; others to come | |
| Dr. Paul Murrill — dealing with 1984 | 10 |
| Let it bring out your best | |
| Taylor and LaGrange — Lafayette's creative duo | 13 |
| Two design, build self-contained trailer for unit | |
| Lanard Meche — many sides to active individual | 14 |
| Lafayette relayman busy with work, family and computers | |
| Texas Tune-Up — utilities and contractors team up | 15 |
| Springtime maintenance helps cool summer bills | |

Departments

- | | |
|-----------|--|
| 12 | On the Move — Listing of recent job changes |
| 16 | Retiree Update — Grandkids, Good times |
| 17 | Inside GSU — Babies, more babies and baseball |
| 19 | Service Awards — Recognition of employees |



Photo by T. J. Reyes

Employees in the Lake Charles Division and Willow Glen will receive jackets for winning the President's Safety Award. From left: Elbert Heard, safety and health representative-Lake Charles Division, looks on while Jeff Stricklin, apprentice-T&D, and Anthony Malveaux, lineman-1st class, try jackets on for a proper fit.

Safety winners: daily concern

by T. J. Reyes

Bragging rights went to the employees of the Lake Charles Division and Willow Glen Station when Norman Lee announced the two as winners of the 1983 President's Safety Award program. The awards are based on a combination of on-the-job disabling injury rates and motor vehicle accident rates, along with the severity of each accident. From this, a winner is selected in both division and power plant operations to receive what Lee, GSU's president and chief operating officer, calls the "highest honor" he can bestow.

Citing 1983's much-improved safety record over that of the previous year, Lee stated he was "proud of the results." In 1982, the incident rate for lost-time injuries was .5 while in 1983, that figure dropped to .37, an achievement Lee declared was a "distinguished position."

Employees in the Lake Charles Division showed a marked improvement in 1983. According to Elbert Heard, safety and health representative in Lake Charles, "Employees from the bottom to the top worked to move the division from last place to first in just one year. Everyone really

got behind the program and made it work."

Lake Charles Division recorded only one on-the-job injury during 912,790 man-hours of work while driving 3,671,729 miles with 16 chargeable motor vehicle accidents. A chargeable accident is one that an employee could have avoided.

Sam Raney, safety and health representative for Willow Glen, noted that although this was the

first time for Willow Glen to win the President's Award, they did so with one of the lowest accident rates since the program began. "Willow Glen won the award with an incident rate of 7.6. During the prior three years the winning plants posted 92.1, 48.8 and 134." Raney attributed the very good rate to a "daily concern for safety by every group in the plant, with each person looking out for the other."

Willow Glen Station employees finished 1983 without a single disabling accident and only six accidents which required medical attention. In addition, employees there drove 174,539 miles without a single chargeable accident.

Occupational Health and Safety Manager Mike Durham reported that besides Willow Glen, there were four other locations which completed one million man-hours of work without a single lost-time accident. He congratulated the employees of Sabine Station, Neches Station, Lake Charles Division and Baton Rouge Division while pointing out that the three power plants were still building on their records.

Durham also said that employees at the River Bend site completed 1983 without a single lost-time accident or a chargeable automobile accident.



Photo by Mike Rodgers

Mike Granier, repairman-1st class, (left) and Steve Boyette, equipment operator, raise the flag Willow Glen began flying when they took the lead in the power plant operations. The plant has since won system honors in the President's Safety Award program.

—1964 IS ALMOST OVER—

by Betty Gavora

If there was one message which came through loud and clear at the 1984 Management Conference, it was that "1964 is almost over."

Some 230 GSU managers and executives gathered at the Beaumont Civic Center on Jan. 31 and Feb. 1 to hear company speakers and those from other parts of the United States discuss the new era GSU is entering of providing the necessary fuel for electricity at prevailing market prices.

After a brief welcome by Dr. Paul Murrill, chairman and chief executive officer, the first session was under way. Company president and chief operating officer, Norman Lee, reviewed 1983, a year in which the weather "took the front row," and looked forward to 1984, a year which he said will present many distractions from our normal work because of rate filings, nuclear construction and customer reactions. Lee challenged the group to do their work "as best as we can, so it can be scrutinized by others and bear the test of reasonableness."

Economists Dr. Charles Franckle, vice president, First Bancorporation, Houston; and Dr. Loren Scott, acting chairman, Economics Department,

College of Business, Louisiana State University, Baton Rouge, reviewed the economy of Texas and Louisiana, which has felt the effects of a downturn in the petroleum and petrochemical industries.

Emphasizing the important role of GSU employees in communicating with customers, Joseph E. Bondurant, executive vice president-operations, opened the second session. Then the audience focused its attention on Joseph L. Donnelly, executive vice president-finance, who stated that "we will have to raise \$1 million a day" to finance GSU's construction program in 1984.

Edward M. Loggins, executive vice president-administrative and technical services, discussed the measures taken to obtain the required replacement fuel presently provided under the expiring Exxon natural gas contract. A video progress report on River Bend, prepared by the Employee Communications unit in cooperation with Public Affairs, concluded the afternoon.

In the third session on Feb. 1 Eddie Watson, vice president-rates and regulatory affairs, Texas Utilities Electric Company, Dallas, told how Texas Electric Service Company (TESCO) had



Rufus J. Mier Jr., superintendent-marketing and consumer services in Port Arthur, attended the conference.

Photos by Dana Norman

prepared for the expiration of their low-cost, 20-year natural gas contract.

Tom Morron, vice president consumer services and marketing, Edison Electric Institute (EEI), Washington, D.C., previewed EEI's new marketing program, "Electricity. It's the power of choice," which emphasizes the cost value of electricity and steps customers can take to manage their electric costs.

The aggressive marketing program developed by Detroit Edison Co., Detroit, was the topic of a speech by Phil Lenihan, vice president-marketing and customer relations, for that company.

Louis Quinn, secretary, Louisiana Public Service Commission, Baton Rouge, opened the final session with his topic, "Louisiana — Wonderland of Regulation."

"Adversity brings out the best in you," said Dr. Paul Murrill, chairman and chief executive officer, in his closing address. Murrill reviewed recent challenges the company has faced and major accomplishments achieved as a result.



Over 230 managers and executives attended the conference held Jan. 31 and Feb. 1 in Beaumont.

by Betty Gavora

The 1984 Management Conference is history, but the reality of the present is with us now. Here's how some of GSU's top executives view this past year and the challenges which lie ahead in 1984 and beyond.



Norman R. Lee
President & Chief Operating Officer

“While the challenges we face in 1984 may come to us in different wrappings, they are no more difficult than other problems we have solved in the past.

Looking back on 1983, the weather took the front row. Our crews are to be commended for the long, hard hours they spent working in unusual situations to restore power to our customers. Some 65,000 customers were without power after the May tornadoes. Then Hurricane Alicia turned out the lights for about 100,000 customers in August.

In spite of the collapse of the Lampson crane at River Bend in March, our construction crews have managed to stay on schedule. That disaster was followed by the boiler explosion at Neches Station in July, which

made it necessary to retire the boiler. In both these incidents, we feel fortunate that there were no severe injuries.

During 1983 Big Cajun No. 2, Unit 3, was completed and is on-line. Progress continues on the 500 KV transmission line, which will tie from Baton Rouge east to the Southern Company system and should be energized in early summer.

The River Bend nuclear plant is still on schedule and within budget. As we get to the final stages of construction and fuel-loading, it will take our full attention and support to make sure progress continues. In January the Board decided to discontinue the construction of River Bend 2, with uncertain regulation, costs and unneeded capacity as the reasons for cancellation.

Our load last year was depressed due to the mild weather and economic conditions. We started the year well below 1982 usage and caught up to the 1982 load level by mid-year, but we did not pass the 1983 estimate curve until December. Since our earnings level is tied directly to our revenue, it became necessary for us to make some compensatory moves. The cuts we were able to make in our budgets for construction and OEM (operating expense and maintenance) enabled us to finish the year on target. I'd like to thank all our people who made this possible.

Our fuels services people are another group who deserve some credit. When our 20-year Exxon natural gas contract expires at 7 a.m. on Jan. 1, 1985, we can rest easy because arrangements are already in place for the required fuel replacements.

We were disappointed with the rate relief we received in Loui-

siana in 1983. As you know, the Louisiana Public Service Commission denied our \$119 million rate increase request and ordered us to decrease our rates in Louisiana by \$1.1 million. We have appealed that decision to the courts and plan to file a new rate case in Louisiana in 1984.

In January we petitioned the Public Utility Commission of Texas to grant us a \$425.8 million rate increase over a two-year period. That figure includes a rate increase of \$161.2 million for our Texas customers later this year, followed by a \$264.6 million increase in 1985.

At the federal level, the rules seem to be consistent. The main discussion there is with Construction Work in Progress, a process by which we can ask that our customers help pay the interest expense on money borrowed for a construction project. We must continue to be current with our rate filings in all our jurisdictions so we can gain the rate relief we need to meet the challenges we face.

The \$42 million, to be returned to our Texas customers from our \$112 million settlement with United Gas, sits in the bank, while we await the outcome of negotiations on refund disbursement.

We will be negotiating a new agreement with representatives of Local No. 2286 of the International Brotherhood of Electrical Workers, AFL-CIO, this year. Our negotiations will be entered into with good faith and we will be looking for agreement.

Last year we launched Project CARE (Community Assistance Relating to Energy), a program of financial assistance on utility bills for needy elderly people. Together with our stockholders and customers, we raised \$274,000

MOST OVER

for this project. We also started an Employee Advisory Service for our employees and family members with substance abuse problems.

I'm proud of our achievements in the area of safety. We had 24 lost-time injuries in 1982 and 18 in 1983. Our incident rate decreased from .5 to .37, a distinguished position, and our electrical contacts and flash burns decreased from 22 to 13. Due to shock and burn accidents in 1982 we had five lost-time accidents and two fatalities; in 1983 we reduced this to two lost-time accidents and no fatalities. We had 117 auto accidents in 1982 and 95 in 1983, but my big concern is backing. Almost half our automobile accidents are caused by backing into something. These can be avoided. I urge each of you to use the 'Circle for Safety.'

Five of our locations achieved one million man hours without a lost-time accident in 1983. They are Willow Glen, Neches Station, Sabine Station, Lake Charles Division and Baton Rouge Division. Our three power plants are still building on these records. I might add that our River Bend site group had no chargeable accidents in 1983.

As we look at the challenges ahead, there are things we can do as individuals and as a company to be successful. First, we must work toward the over-all plans which have been established for us. Then we must stay within our budgets. Our budgets have been set up to guide us through these difficult times and we must live within them.

During 1984 we will have many distractions from our normal work — rate filings, nuclear construction, customer reactions. Through it all, we must continue to do our work as best we can, so

it can be scrutinized by others and bear the test of reasonableness.

It won't be easy, but we've met other challenges in the past. We've done it before; we can do it again."



Joseph E. Bondurant
Executive Vice
President-Operations

"Employees hold the key to effective communications, and a November 1983 survey of GSU customers indicates we have quite a job to do.

While some 90 percent of the customers surveyed rate us high in quality of service, over 25 percent think we are not concerned about them as individuals. Some 32 percent think we are not trying to hold down costs and 28 percent think our rates are unreasonable.

This survey and others in the past indicate that people who rate us high on service still have positive feelings toward us. But if our service slips, they feel negative. Rarely do we get a complaint based on cost alone. The complaint is generally about a service problem; then they add on a complaint about costs.

Four factors contribute to the higher costs our customers will pay now and in the future — higher construction costs; higher fuel costs; higher interest rates, taxes and inflation; and more and more regulation.

When the public feels that a \$1.55 cheeseburger which cost 25 cents 15 years ago is a better buy than a 10-cent kilowatthour which used to cost 2 cents, it's time for us to communicate.

Although our customers may not like it, we must help them understand the circumstances which affect us because ultimately these circumstances will affect them, too, through higher utility bills.

During 1984 it should be our goal to help assure that at least 75 percent of our customers understand that the Exxon natural gas contract will expire on Jan. 1, 1985; that they can control their energy choices by managing their energy wisely; and that we do provide reliable and efficient service.

Every employee should be able to discuss how our marketing and conservation programs can help customers use energy more efficiently, improve their quality of life and gain more control of their energy consumption. We must do a good job of communicating with our customers. It is up to each of us to stress the positive aspects of our business and to explain why circumstances are making the less popular decisions necessary.

The most effective way to convey this information is in person-to-person contact with our friends, neighbors and other customers. We are the ones they believe; we are the ones who have the answers; and we are the ones who must communicate."



Joseph L. Donnelly
Executive Vice
President-Finance

“In keeping with our ‘pay-as-you-go policy,’ we will have to raise \$1 million a day to finance our construction program in 1984.”

Even though it boggles the mind, this is about the same amount of money we raised last year. In 1983 we had a \$640 million construction program and raised \$380 million cash through direct security issuances.

Over all, we made good progress in 1983. Our earnings per share were \$2.31, compared to \$1.95 in 1982, even though there were 20 percent more shares outstanding. These earnings reflect the rate increases we received in 1982 from the Federal Energy Regulatory Commission (FERC), the Texas Public Utility Commission and the Louisiana Public Service Commission.

In 1983 there was continued emphasis on cost consciousness throughout the company. As a result of the efforts of many people, we were able to save over \$6 million in operating expense and maintenance compared to budgeted amounts.

How does it look for 1984? We have a \$568 million construction program this year, which means we must raise \$1 million a day to help finance it. Because of the

recent rate decision in Louisiana (the LPSC denied our \$119 million rate increase request and ordered us to lower our Louisiana electric rates by \$1.1 million), this financing burden will be a heavy one in 1984.

It will be more difficult to borrow money because of the recent series of downgradings by Moody's and Duff & Phelps. Moody's downgraded our mortgage bonds from Baa-2 to Baa-3. The Baa-3 rating is the lowest rating we can have to still be considered an investment security. Duff & Phelps' also dropped our mortgage bond rating to the lowest investment grade category. Bonds below this level are known in the financial community as ‘junk bonds,’ not of investment quality.

These ratings restrict the number of people who can or will buy our securities and increase our interest rates when we do borrow. We have already experienced this in our recent offering, when the initial dividend rate we must pay on \$45 million of newly-issued preferred stock was set at 12.5 percent. When you're talking millions, a fraction of a percent means big dollars. For, example, a half percent on \$45 million is equivalent to \$225,000.

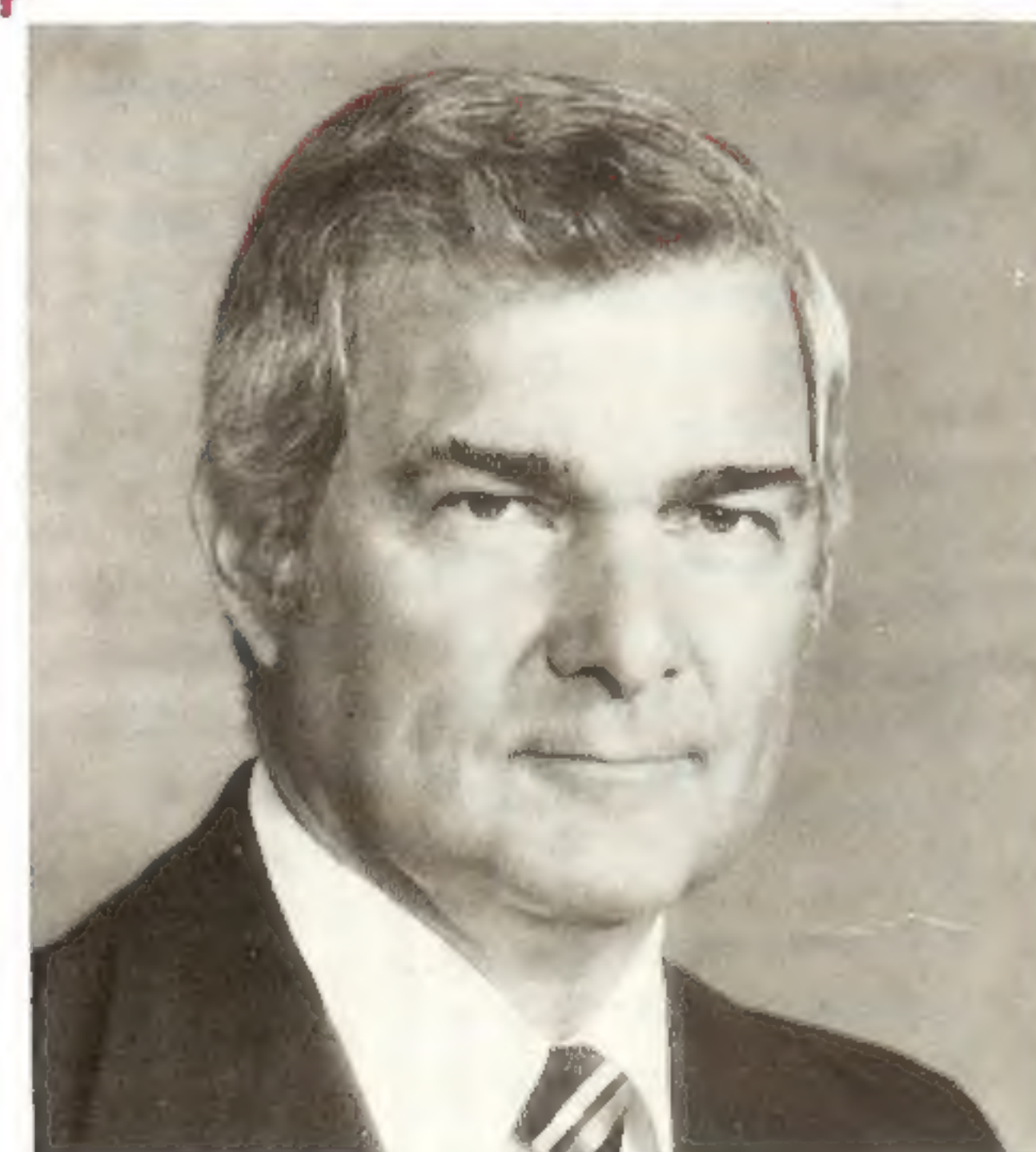
In 1984 we will have to pay out —

- Over \$300 million in interest.
- Over \$50 million in preferred dividends.
- Over \$140 million in common stock dividends.

These are all cash dollars. And that's the way it must be for us to continue our ‘pay-as-you-go policy.’

How can we handle this? We've got to sell our product. That's why the new marketing program is critical. We've got to continue to control our costs. Each of us can help in that respect. We've got to have rate increases in all our regulatory jurisdictions to

cover our costs — but not a penny more. We've got to finish River Bend as soon as possible because the sooner it is finished, the less it will cost. And we've got to be sensitive to the cost burden our customers will bear as fuel costs, which are beyond our control, continue to escalate.”



Edward M. Loggins
Executive Vice President-
Administrative & Technical
Services

“Will the transition in fuel supply ever end? No, but the situation is well in-hand.

The necessary fuel replacements have been made to handle our needs when the 20-year Exxon natural gas contract, which has saved our customers millions of dollars in fuel costs over the years, expires at 7 a.m. on Tuesday, Jan. 1, 1985. While this may sound simple enough, it has taken the diligent efforts of a number of dedicated people.

In the '70s when United Gas defaulted on the contract to supply gas to our Louisiana customers and the OPEC embargo drove prices skyward, we set about to establish a fuel services group. This group had to learn how to procure fuel in a highly competitive marketplace. It was new to us and we learned

MOST OVER—

'on the job.' Ultimately, that meant that our fuel services people got into the business of finding, buying, transporting and delivering fuel to our power plants. Today's fuels group is equal to the task. They have a management-blessed philosophy that calls for multiple suppliers and multiple supply lines at every plant.

We deliberately did not replace each and every Btu now supplied under the Exxon contract. We replaced only the base amount needed and chose to leave ourselves some room to shop for short-term contracts at favorable prices as the opportunities present themselves. We've added coal to our fuel base and will add nuclear next year.

You may be surprised to learn that we're already in the gas pipeline business. In 1983 we built a 16-inch, six-mile pipeline at Nelson Station and in 1984 we will build a 24-inch, 10-mile pipeline at Sabine Station. These pipelines will give us access to a number of major intrastate and interstate pipelines in our area. The 500 KV transmission line, our tie-in with the Southern Company, should be complete in early summer and will give us an added source of purchased power. All of which means that our fuel mix for 1984 includes coal, natural gas, oil and purchased power . . . and will include nuclear when River Bend is operational.

While we've done a good job, we're not content. We want to keep finding ways to give ourselves more flexibility and to continue to hold the cost of Btu's down to save our customers as much money as possible in today's marketplace.

There are a couple of other areas I'd like to mention — computer services and general services. Regarding our computer usage, a business information plan study is under way with

all major departments of the company represented. Slavin Associates are our consultants for this project. In April when the study is complete, we will have a business plan telling us what our priority programs are for the future, what growth we can expect in our computer usage and where. This business plan will help us establish what hardware is required to support the company. We put our computers to good use now, but this will help us continue to manage our growth as efficiently as possible.

(continued on page 15)



E. Linn Draper Jr.
Senior Vice President-External Affairs

“It's clear that many of our customers will view the expiration of the Exxon natural gas contract from the perspective of rapid increase in utility rates rather than from the view that their costs have been held down for 20 years.

One of our dilemmas is trying to attune our customers to the problems we face so they will understand the reason for increased future rates. Fortunately for all of us, things won't be as bad as we once thought they would be. At one time we

thought replacement gas for the Exxon contract would cost \$7 or \$8 per thousand cubic feet (mcf). As it turns out, the cost will probably be in the vicinity of \$4 per mcf. There will still be a noticeable impact upon our customers, but it will not be as dramatic as it might have been.

We have been disappointed by the Louisiana rate decision. We felt we had a supportable case, so we're back in the courts to ask for redress. The Louisiana Commission has not allowed us to charge for Construction Work in Progress (CWIP), the process by which we can ask our customers to help pay the interest expense on money borrowed for a construction project. This means we must keep track of our Louisiana customers' share of these costs until River Bend is complete. These costs are then recovered from the customers over the life of the plant. This treatment of financing costs results in abrupt increases in rates as plants go into service. In the long run, the customer pays more when CWIP is handled this way.

So far, the Texas Commission has allowed us to recover a large portion of our financing costs as we build our power plants. As a result, the rates in Texas have been going up steadily. When River Bend goes on line, the utility bills for our Texas customers won't be as great a shock as those for our customers in Louisiana. We have a new commission in Texas and we're not sure how they will handle CWIP on the rate case we filed in January, but we hope it will be the same as in the past. It's premature to predict what will happen in Texas because the new commission hasn't handed down many decisions so far.

To get good treatment from the commissions, we must con-

(continued on page 12)



William J. Cahill
Senior Vice President-River Bend Nuclear Group

“The next two years will be hard and the most critical, but we are determined to stay on time and on budget.

With construction on the 940-megawatt nuclear facility moving past the 82 percent completion mark in January, some substantial milestones have been reached. And they have been reached without sacrificing quality. When you sacrifice quality, there is no real progress.

Last November the Nuclear Regulatory Commission (NRC) gave GSU and the contractor, Stone & Webster, the highest possible rating in two major areas — management control and design control. But other milestones lie ahead, such as fuel loading in April 1985.

We've already organized a start-up task force under Jim Deddens. Start-up involves close cooperation among diversified groups within Stone & Webster, General Electric and GSU. Naturally there are different perspectives from time to time, but we address the issues in face-to-face

meetings. Somehow we find a path through these difficult problems and proceed . . . because all of us together are the project team. With our senior management on site, we have the advantage of gathering information first-hand, considering possible solutions and making quick decisions when necessary.

It is essential that we stay on schedule. The biggest single cost factor in completing this project is time. As far as this project is concerned, time and money are interrelated. Time drives the money.

I'm proud to be a part of this project. It has given me a good feeling of accomplishment, which is largely due to the groundwork set by other people in GSU and Stone & Webster. Things like the right attitude toward quality, the Nuclear Construction Stabilization Agreement and the 'rolling four-ten' work arrangement all operate in our favor.

Our dedicated people are determined to stay on schedule. Only external factors over which we have no control could slow us down. That's where luck comes in, either for or against us.

Those of us working on the project know that we must continue to maintain our quality standards and keep up the team spirit. It means long, hard hours . . . and sometime there are disappointments and setbacks. We know that we have to be prepared to go through a very difficult two years. However, we need to progress through the timely finish of this project. River Bend is important in providing an alternative fuel source for the company and its customers. For those directly involved in the project there will be the additional reward of an invaluable personal experience and a sense of accomplishment that couldn't be achieved anywhere else.

(continued on page 14)



Dr. Paul Murrill
Chairman of the Board & Chief Executive Officer

“As I sat and thought about 1983, I listed a number of your major, positive accomplishments. They set the tone for 1984.

From a financial standpoint, we had a fairly good year. We had a 20 percent dilution and still maintained good earnings. Some of that was a carry over of previous rate relief, but much of it had to do with how responsibly you do your jobs. Our sales were down during the first half of '83. Although they grew during the second half, it was the end of 1983 before we were barely able to increase our sales on a kilowatt-hour basis. In that kind of load growth, the fact that you were able to achieve what you did is even more significant. You need to savor that. Take some pride in it.

In 1983 we lined up the Exxon gas replacement. If you will think back to the start of 1982, we weren't certain where we could get gas or what the price

would be. We thought then it would be \$7 or \$8 per thousand cubic feet (mcf), but we have been able to replace that gas at a cost we expect to be about half that much. Our fuels group has done a superb job of laying in place the contracts, terms, conditions and prices that will put us in an excellent position to deal with this monumental change. It is a fantastic accomplishment.

We've made tremendous progress on River Bend and the people there are to be congratulated. In 1983 they exceeded their schedule and stayed within budget. That is just terrific. That plant started in August 1978, by Nuclear Regulatory Commission definition. It is scheduled for fuel load in 1985. If we meet that aggressive schedule, it will be the fastest a nuclear power plant has been built in the United States since 1972. We know it is aggressive; we want it that way. That is the schedule the folks at River Bend not only met, but exceeded in 1983.

We accomplished a tremendous financing program in 1983 — a 'pay-as-you-go' program. Joe Donnelly has talked about those numbers. That was no small accomplishment.

One thing that hasn't received much publicity — we don't talk about it much — is the extent to which we have applied computer technology to the way we do business. Tony Gabrielle and his group are to be commended. When the Energy Control Center becomes operational in 1984, it will increase our efficiency even more.

In 1983 we received a settlement on the United Gas suit. In 1984 we expect to settle up the way the money we recovered will be handled. We really ought to think about the United Gas case.

We went out on a limb in behalf of our customers and spent a lot of money to get that refund. That money was obtained for the customers by this company and at the initiative of this company alone. I am somewhat insulted that some people feel we shouldn't even be allowed to recover our legal expenses.

The weather hit us a good lick in 1983 — the May tornadoes, Hurricane Alicia and the cold weather. This is my second full year on the job and I never cease to be amazed at the way you people respond to emergencies like those. Hazardous conditions, difficult times, dangerous times . . . tough. And it brings out the best in you. It really is impressive and I don't think the world really knows or fully understands and appreciates what you do. But I want you to know that I understand and appreciate.

There were some major developments on the Southern Company tie line this past year. We got 14 permits in hostile territory to allow the construction of that line. Construction is going well, both in Louisiana (our responsibility) and Mississippi (the Southern Company's responsibility). In the light of falling natural gas prices, we renegotiated the contract with the Southern Company. As a result, the power we will need will cost us \$650 million less over the life of the contract. It will be a tremendous strategic move for this company to have access to that coal-based power.

Then there are other things. Big Cajun 2, Unit 3, went on line Sept. 1. The Texas folks introduced an orange book on maintenance, the first one of its kind in the area. And Prudential Drilling went through significant major changes in its organization and administration. In the future

I think some of you will be clamoring to invest in their drilling program.

We started Project CARE this year. I don't think the amount of money we raised is the significant factor. What is significant is that this company is saying, 'We care about people.' We also began the Employee Advisory Service in 1983. Alcohol and drug abuse are something people don't like to admit exists, but in any segment as large as ours there will be problems. It's important that we try to solve them.

The automated materials management system was fully implemented in 1983 and, as Ed Loggins reported, we completed some of our gas pipeline network. Also, we initiated, particularly in Texas, an extensive new community leaders' communication program regarding energy under the leadership of Charlie Glass.

I could go on and on. Your list of accomplishments is amazing and I think you need to stop and think about them. Just savor them. Roll them around in your mind. Take pride in them. Just think what you've accomplished!

Once you do that, you will realize what you can do.

We have been worrying about 1984 since 1964. But it is my contention that dealing with the specifics of the reality is not nearly as awesome as dealing with the anxiety and stress we have conjured in our minds. I don't mean it won't be tough; it's going to be tough. But we'll do it and we'll do it well. We'll deal with it.

As a matter of fact, dealing with a tough problem and overcoming it is one of the most satisfying things a human being can do. Don't be afraid of 1984. View it as a challenge and let it bring out the best in you."

ON THE MOVE

B

Beaty, Kenneth W., Beaumont, to assistant systems analyst, Beaumont Computer Applications.

Brown, Myron C., Nelson Station, to supervisor-accounting and administration, Plant Production.

C

Chambers, Clifford E., Nelson Station, to superintendent, Plant Production

D

Dautel, Pamela J., licensing staff assistant, formerly of Beaumont River Bend Group, transferred to River Bend Nuclear Group, River Bend Station

Deason, Micheal E., Baton Rouge, to lineman-1st class, Electric T&D.

DeBlanc, Rene A., Nelson Station, to general superintendent-Nelson Generation, Plant Production.

Degraw, Gary D., formerly of Louisiana Station, to quality control inspector I, River Bend Nuclear Group, River Bend Station.

E

Eaglin, Eva B., Port Arthur, to engineering assistant, Electric T&D

F

Fama, Victoria W., Beaumont, to computer operations associate, Beaumont Computer Applications.

Fenner, Ervin L., Navasota, to lineman-3rd class, Electric T&D.

Frederick, David L., Nelson Station, to electrician-3rd class, Plant Production.

G

Garza, Rosa N., New Caney, to meter reader, Division Accounting

Gosdin, John W., contract administrator, formerly of River Bend Nuclear Group, River Bend Station, to Beaumont River Bend Nuclear Group.

H

Harrington, Travis, staff accountant I, formerly of Beaumont Accounting Services, to Beaumont Division Accounting.

Hawk, Matthew D., Beaumont, to mechanical engineer, Beaumont River Bend Nuclear Group

Hinch, Marion E., Neches Station, to planning coordinator, Plant Production.

J

Justice, James G., Cleveland, to lineman-4th class, Electric T&D.

K

King, Danny C., Nelson Coal, to repairman-1st class, Plant Production.

L

Lightfoot, Thomas I., Beaumont, to consumer service representative-senior, Division Marketing & Consumer Services.

Lovett, Michael W., Beaumont, to equipment operator, Plant Production

M

Martinez, David J., Willow Glen, to repairman-1st class, Plant Production.

Merriman, Myra L., staff accountant I, formerly of Beaumont Division Accounting, transferred to Beaumont Accounting Services.

Montgomery, Mark A., Lake Charles, to truckdriver-T&D Department, Electric T&D.

O

O'Quinn, Vivian D., Nelson Coal Station, to production engineer, Plant Production.

P

Pattn, Leonard J., Lafayette, to lineman-3rd class, Electric T&D.

Perry, James, staff accountant I, formerly of Beaumont Accounting Services, transferred to Beaumont System Production.

R

Rogers, Sandra C., formerly of Beaumont System Engineering, to records associate, Beaumont Human Resources.

Rose, Joseph Jr., Baton Rouge, to serviceman-1st class, Electric T&D.

S

Salsbury, George H., Nelson Coal Station, to electrical maintenance foreman, Plant Production.

Segura, Karl A., staff accountant I, formerly of Beaumont System Production, transferred to Beaumont Accounting Services.

Smith, Gregory W., Port Arthur, to mechanic helper Plant Production.

Smith, Robert W., Beaumont, to senior engineering assistant, Engineering Design.

W

Watkins, James D., Willow Glen Station, to general superintendent-Baton Rouge Generation, Plant Production.

Welch, Henry C., Nelson Station, to planning supervisor, Plant Production.

Winney, Mary M., Beaumont, to secretary, Beaumont Human Resources.

Z

Zick, Elizabeth A., Beaumont, to staff accountant I, Beaumont Accounting Services.

DRAPER (continued from page 9)

tinue to provide the high quality, reliable service we have always given our customers. We must take care that we provide the commissions with accurate information in our rate cases. And we must do a good job of explaining to our customers the reasons for rate increase requests.

We have an obligation to tell our customers what they can do to affect their own destinies, as far as utility bills are concerned. I think we have done a good job of encouraging conservation — conducting energy audits, providing conservation information

and structuring our rates so people in special circumstances can take advantage of lower rates during off-peak hours. We already have time-of-day rates for our industrial customers in both states and have applied for these rates for our residential customers, as well.

We will be giving much more time and thought to working with our customers. Not only must we help them understand that their bills will be going up as our costs of doing business increase, but we also must show them what they can do to help

manage their energy budgets. And most importantly we must show them that we care.

For the past several years, our rates have been going up more rapidly than the rate of inflation. As our construction program draws to a close, our rates should stabilize and parallel the inflation rate. When that happens, it will be welcome news for all. ”

Taylor and LaGrange

Lafayette's creative duo

by Susan Gilley

In 1983, two Lafayette employees designed and built a self-contained trailer for an oil filtering unit. Already, their creation has saved the company more than \$15,000, estimates George Irvin, general superintendent-Lafayette District.

Doug Taylor, substation mechanic-1st class, thought of the idea several years ago, presented it and cost estimates to his supervisors and received approval to go ahead with the project. He teamed with Glenn LaGrange, helper-T&D Dept., and the project began.

After several weeks of work and an expenditure of only \$3,400 for materials, the two men completed the project.

According to Taylor, the district purchased a mobile oil filtering unit about 14 years ago. While it was used extensively — one whole crew spends most of its time filtering oil from breakers — the district did not have a convenient way to transport any oil. The trailer they built holds 1,500 gallons of oil and is capable of circulating the oil from a breaker while maintenance work is underway on the breaker.

Besides its money-saving characteristic, other advantages of the completely-sealed oil transportation trailer are speed, efficiency and safety. The last factor is related to the fact that oil spillages are virtually eliminated, claims Taylor. The trailer



Glenn LaGrange (left) and Doug Taylor show their creation.

also features two manholes on top so it is easily accessible for repair work.

Although Taylor had the basic concept in mind, LaGrange helped refine the design. Both reveal they lived and breathed the project while it was underway.

"It was a worrisome thing," admits LaGrange. "I was anxious to see how the unit would work and we worried about leakage."

Since completion of the project, however, there have been nothing but compliments.

The two men have since gone on to other projects. Taylor is perfecting adaptations to two other filtering units owned by the district. His aim is to revise them so they can use the same filtering blotters as the unit mounted on the trailer. Standardization would help save money,

says Taylor. So far, he has spent about \$225 on scrap material while constructing a cylinder that he believes would have cost about \$1,400 brand new.

Meanwhile, LaGrange helps with various projects to improve the T&D line equipment.

Both men indicate their creativity spills over into their leisuretime, too.

Taylor, his wife Charlotte and their two daughters joined another couple in constructing a two-story camphouse. The 20-year GSU veteran also rebuilt a 1965 and a 1966 Ford Mustang as gifts for his daughters.

LaGrange, who worked as a welder and machinist before joining GSU nearly 1½ years ago, recalls that his wife Sandra was proud of his accomplishment in building the unit. He, too, enjoys carpentry, and recently helped build the couple's new home.



Lanard Meche, relayman-1st class.

The many sides of Lanard Meche

by Susan Gilley

Lanard Meche (pronounced "mesh") remembers a time, not so long ago, when, "If a person completed a job, you could just about bet it was perfect."

The 16-year GSU veteran feels that some people do not take as much pride in their work now. Even so, the Lafayette relayman-1st class has faith in the quality of Gulf States employees. "We have some outstanding young people — some really smart young people — working for GSU today," he comments.

Now 35, Meche grew up on a cotton farm in nearby Arnaudville, where he learned the importance of planning ahead. He describes his upbringing as "good preparation for any job." According to Meche, "It makes you feel good when you work with your hands."

Meche and his wife, Benny, recently moved back to rural Arnaudville after residing in Lafayette for 15 years. While he does not grow cotton or corn, or raise livestock as his father did,

Meche still enjoys gardening, hunting and fishing.

Shelton Trahan, relay foreman, describes Meche as "an excellent employee who has determination and who loves to see that things are done up to par." The foreman, who has worked with Meche for eight years and supervised him for six, adds that if work is not up to standard, then Meche "will sure tell you about it."

Meche began his Gulf States' career as a line helper, then moved on to the Relay Department. Discovering that he was

truly interested in electronics, the young man studied the subject in a home correspondence course for a couple of years. He earned a certificate from the National Radio Institute and is licensed by the Federal Communications Commission.

Now, one of Meche's goals is to learn all he can about computer programming. He believes the success of the company hinges on extensive utilization of the new technology, and says he is personally intrigued by the field.

Just working a job is not enough for Meche, who prefers to become involved in many aspects of GSU life. A former president of his union local in Lafayette, Meche continues to serve as chief steward. He chaired the employee United Givers Fund drive in 1982 and co-chaired the event in 1981. Admitting he has always had "a soft spot for anyone with problems," Meche also serves as an advisor with the Employee Advisory Service.

Although Meche enjoys his work and related activities, his most enduring happiness lies with his family life. About three years ago, Meche and his wife adopted a baby son. "It was the greatest thing that ever happened to me," he insists, with a grin.

Now, 3-year-old Quinn Michael is awaiting the arrival of a sibling in May. After 15 years of marriage, Meche and his wife are expecting a baby.

CAHILL (continued from page 10)

All of us at GSU must understand that this nuclear plant is needed. When the project was undertaken, it was anticipated that it would be essential due to future economic conditions. That perception is still valid. Although the price of fossil fuel has stabilized temporarily, there is no reason to expect that price to hold steady. All we have to do is read the newspapers. It is likely

that over the long run the price of coal, oil and gas will continue to rise. That makes the nuclear power plants in our country very important investments in the future.

We've done a good job so far and the people involved deserve the credit. The next two years will be harder. We will have to do even better in the face of greater and greater difficulty, but the end result will be worth it."

Texas Tune-Up controls costs

by T. J. Reyes

During the month of March, utilities across Texas will plug a springtime maintenance check on home units by local air-conditioning contractors. Dubbed the "Texas Tune-Up," the idea is one of several features to be highlighted during a three-month residential energy program. The purpose of the program is to help consumers achieve more control over their energy costs.

In addition, a Gulf States employee and a company-sponsored service will take active parts in the program at the state level. The program is a joint effort of the Texas Governor's Office, the Public Utility Commission of Texas and a number of utilities from all over the state.

Jo Ann Smith, manager-consumer information, was selected by Gov. Mark White's office to chair the sub-committee which is responsible for promoting the three-month campaign.

During the campaign, participating utilities will feature *Energy Talks*, GSU's telephone information service, in their newspaper advertising and bill stuffers. Consumers from all over Texas will be able to benefit from the same quick answers to their energy questions which have been available to GSU employees and customers since last spring.



Dennis Thomas, deputy executive assistant for programs in the Governor's Office, and GSU's Jo Ann Smith look over Texas Tune-Up publicity plans.

Photo by David White

For the Texas Tune-Up, each utility will list area air-conditioning contractors in its newspaper advertising and bill stuffers. To qualify for participation, a contractor must agree to complete a ten-item checklist on home air-conditioning units for a fee not to exceed \$35. Such simple maintenance could save up to 10 percent of cooling costs if the unit has not been serviced in recent years.

There are many possible benefits from Texas Tune-Up. Contractors' services will be

promoted in what is normally a slack time for them. Consumers will keep cooler this summer and have an early warning of potential problems with their air conditioners. This may help keep down the number of high-bill complaints for the utilities. A reply card on the bottom of the checklist will be returned to GSU. The card will identify consumers who desire more information regarding the Residential Conservation Service energy analysis and heat pumps.

LOGGINS

(continued from page 9)

In the area of general services, we're going over our major insurance policies to optimize the coverage for GSU. Our recent experience with the collapse of the Lampson crane at River Bend, the May tornadoes and Hurricane Alicia have caused our insurance carriers some concern about rewriting our policies.

Meanwhile, we have the concern of keeping our insurance premiums in line. We're also working with our field people to minimize the number of claims and lawsuits filed against us and we're in the process of developing proactive claims prevention programs.

On the bright note, we saved the company \$3 million this year by rebuilding transformers, selling scrap materials and rebuild-

ing clamps and insulators. These efforts will continue.

It becomes increasingly important for us to work smarter to meet the demands placed upon us and our budgets. We work in a totally different environment today from that which existed when the Exxon contract was signed 20 years ago, and we must adjust the way we do business to meet the challenges we face. ”

RETIREE UPDATE

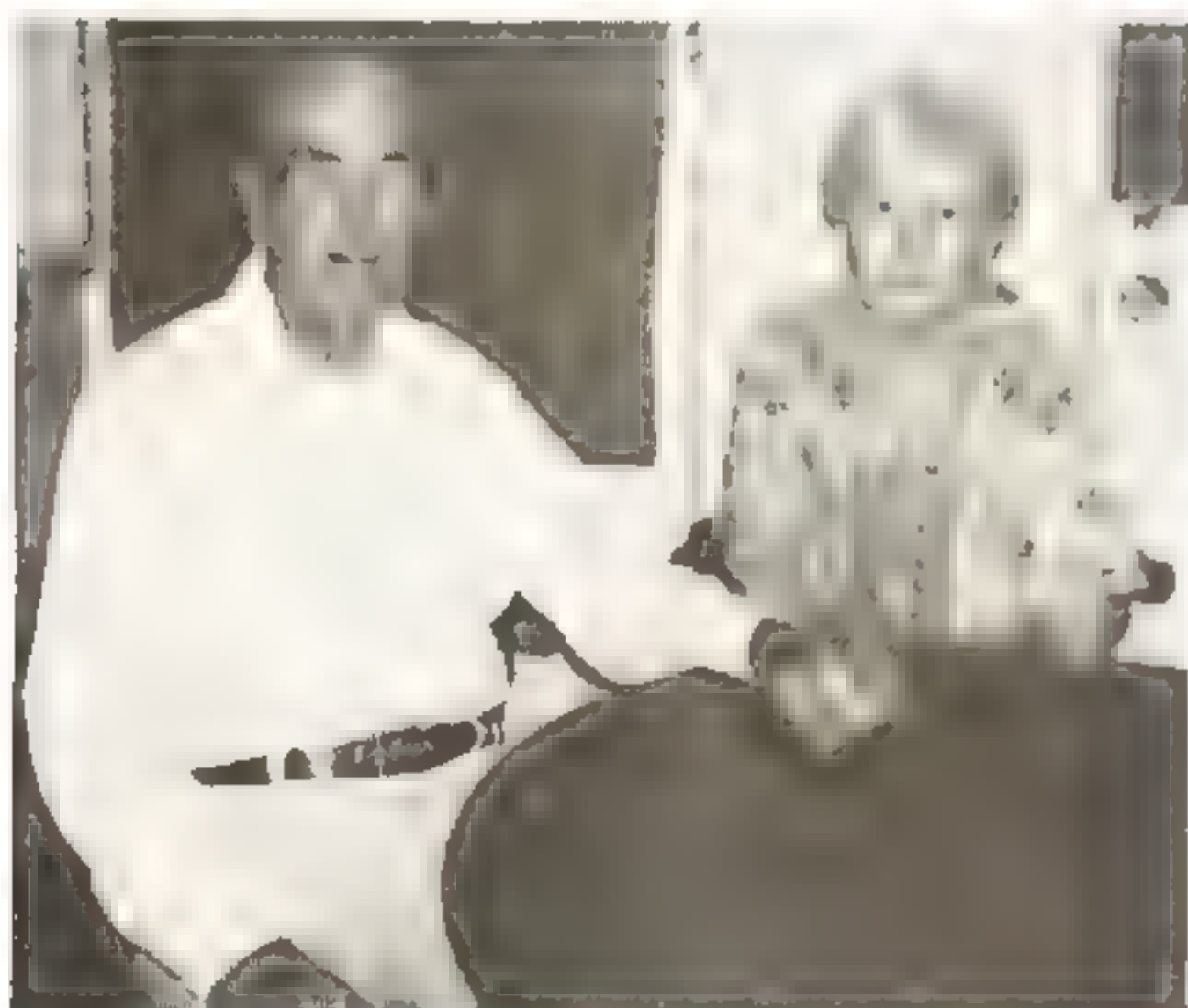


Choctaw storeroom co-workers honor Wick Battley (holding cake) with a retirement party.

Battley retires after 35 years

Baton Rouge employees said good-bye with a party when Wickliffe "Wick" Battley retired last November. Many fond memories were recounted as well as many good wishes for a safe and happy retirement.

Battley, employed at Gulf States for 35 years, was a storeroom assistant in the Choctaw storeroom.



Tommy and Betty Tompkins

Retiree marks 80th birthday

GSU retiree R. M. Tompkins celebrated his 80th birthday last fall with Betty, his wife of 52 years. Better known as Tommy to his friends, Tompkins worked for Gulf States 42 years before retiring Oct. 1, 1968. He was service center storeroom supervisor at the time of his retirement.

Grays welcome twins into family

J. F. "Big Daddy" Gray and his wife, Alyne, are proud to announce the birth of not only their first grandchild but their second one, too. Their son, Jeff and his wife, Mary, became the parents of twins on Oct. 19, 1983. Amy, who weighed 5 pounds, 8¾ ounces, and Allen, 5 pounds, 9 ounces, were an early Christmas present for the family. J. F. Gray is a retiree from Willow Glen while Alyne also worked for GSU many years ago.



From left: Raymond Kemp, meter and service supervisor; honoree Sonny Hebert; and Gerald Bailey, service foreman.

Hebert plans active retirement

L. C. "Sonny" Hebert's retirement plans will keep him close to Gulf States. As caretaker of the Sabine-Port Arthur Recreation Club (SPARC), he'll continue many of the friendships made during his 37 years at Gulf States.

Some of those co-workers honored Hebert at a party given prior to his Feb. 1 retirement. Hebert, well-known for his active role in local United Way campaigns, was a serviceman-1st class in Port Arthur.

Friends honor Port Arthur retiree

Gerald S. DeBlanc retired from Gulf States on Feb. 1 with over



Gerald and Betty DeBlanc

32 years of service. He was a storekeeper in the Port Arthur Service Center storeroom. DeBlanc and his wife, Betty, were guests of honor at a party given by his friends at GSU. Other special guests included several Gulf States retirees.



Joe Fontana, Beaumont retiree, and the Pioneer Hall Players at Disney World.

Fontana debuts at Disney World

Retiree Joe Fontana made an unexpected debut into show business when the Beaumont Sideliners visited Florida last November. During a seven-day trip to the Magic Kingdom and Epcot Center of Disney World, the retiree group attended a dinner musical. When the revue needed a participant from the audience, the entertainers and other Sideliners convinced Fontana to assist.



Shower honors expectant mother

A playpen and a baby's portable dining chair were among the gifts given Cindy Hebert when co-workers in Lafayette honored her with a baby shower.

The mother-to-be was feted on Tuesday, Nov. 29.

Mrs. Hebert, a customer accounting clerk, also received a corsage that carried out the baby theme.



Holm family announces Ryan

Little Ryan Joseph joined the Rick and Sundae Holm family last Oct. 29. The infant weighed 7 pounds, 10 ounces and measured 19¾ inches.

Ryan has a sister named Dawn, reports the children's mom, a stenographer-senior in the Baton Rouge Purchasing Department.

Couple announces first child

Paul and Linda Signorino proudly announce the birth of their first child, Lisa Michelle. She was born Dec. 18, 1983 at Woman's Hospital in Baton Rouge. Lisa weighed 5 pounds, 15½ ounces and measured 19 inches.

Her daddy is a communications serviceman-2nd class in the Baton Rouge Relay Department.



Babins announce son's birth

Kade Joseph Babin joined the Stephan J. Babin family on Nov. 26, 1983. Kade Joseph weighed 7 pounds and measured 19 inches at birth.

His father is a test technician-1st class at Willow Glen. The Babins also have a daughter, Miranda Dell, age 3½.



From left: Keith, Christopher and Brandi Roy

Roy's celebrate birthday twice

Christopher Roy, born Nov. 25, 1983, shares his birthday with his older brother, Keith. Born nine years apart, they are the children of Philip and Consuella Roy. The Roy's eldest daughter, Lydia, has a son, Ryan, which made Christopher an uncle at birth.

Their father, who works at the Beaumont Service Center, has been with Gulf States since 1967.



Daughter born to Haleys

Beverly Haley, a secretary in Beaumont's Tax Services, gave birth to a daughter on Sept. 12, 1983. Lindsey Capri weighed 7 pounds, 14 ounces and measured 21¼ inches.

Lindsey and her parents live in Vidor.



Baby celebrates first birthday

Young Jessica Ann Ingram marked her first birthday on Feb. 22. She is the granddaughter of Wayne and Gay Huff. Huff, a test foreman at Louisiana Station, reports that Jessica Ann and her parents, Randy and Nancy Ingram, live in Gonzales.



Diane, Blaine Aaron and Robert Williams

Williamses celebrate double firsts

There were two firsts when Blaine Aaron Williams was born on Jan. 10. The infant, who is the first child of Robert and Diane Williams, was also the first baby born in Westlake, La., this year. He weighed in at 8 pounds, 1 ounce and measured 20 inches.

According to *Plain Talks* correspondent, Sheila Soileau, the Williams family received a

number of gifts from area merchants, including savings bonds, gift certificates and many baby items. The proud daddy is a test technician-1st class at Nelson Coal.



Baby joins GSU family

Charlie and Sonja Smith are the parents of Benjamin Cody Smith, born Oct. 1, 1983. Cody weighed 7 pounds, 7½ ounces at birth.

The proud father works as a test technician-1st class at Willow Glen. Grandparents are Mr. and Mrs. Wendell L. Reed and Mr. and Mrs. Charlie Smith Sr. Grandpa Reed, also a GSU employee, works as a communication serviceman-1st class at the Baton Rouge Government Street office.

Lafayette hosts '84 tourney

The date is set and plans are being firmed up for the 1984 GSU annual softball tournament, "The Great Cajun Classic." Softball enthusiasts should set aside April 28 for what organizers call the "most fun-filled tournament" ever. Co-chairmen Eby Henry and Bobby Guidry ask that those interested in the event, possibly

a two-day tournament this year, should contact them or Helen Kennedy for more information.

Burwick bags big buck

Shari and Karen Burwick, twin daughters of Edgar Burwick, proudly display the 11-point buck bagged by their dad. Burwick, who is an equipment operator at Lewis Creek, has been employed by GSU for 10 years.



From left: Shari and Karen Burwick display their dad's 11-point buck.

Hunting attracts Odom, son

When the call of the wild beckons, Don Odom and his seven-year-old son, Chris, answer. The Odoms enjoy hunting squirrels together.

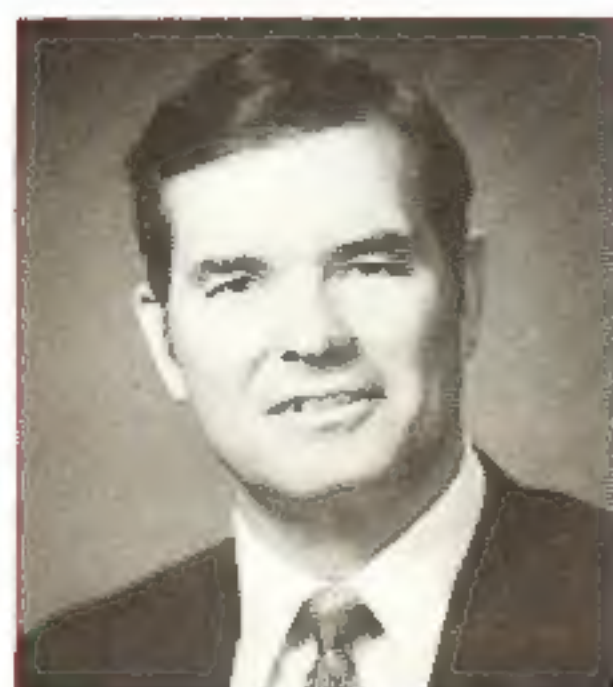
The elder Odom is an engineering assistant in Conroe



Seven-year-old Chris and dad, Don Odom

SERVICE AWARDS

**30
years**



James E. Dowies
Financial Servs.
Beaumont



William A. Jones
Electric T&D
Navasota



James R. Laughlin
Electric T&D
Lake Charles



Frankie J. Ogden
Div. Mktg. &
Cons. Svcs.
Woodville



Charles R. Smith
Div. Acctg.
Calvert



Sam J. Turner
Electric T&D
Beaumont



Marie A. Vavasseur
Div. Acctg.
Port Allen, La.

**20
years**



Lyle P. Gerac
Admin. Servs.
Beaumont



Richard A. Joffrion
Electric T&D
Port Arthur

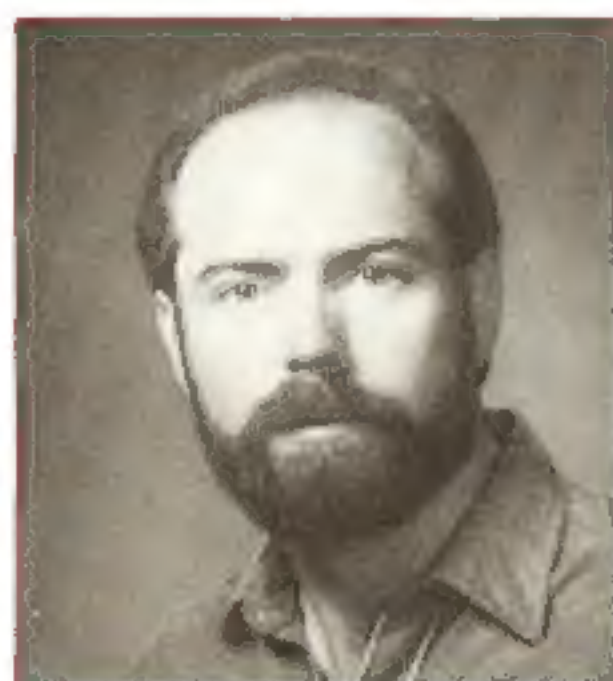


Joe K. Nettles
Electric T&D
Huntsville



Thomas R. Stirling
Sys. Mktg. &
Cons. Servs.
Beaumont

**10
years**



William J. Adams
Plant Production
Neches Station



Marilyn C. Guidry
Div. Acctg.
Lake Charles



Dorothy E. Haynes
Plant Production
Neches Station



Fred D. Jones
Plant Production
Neches Station



Michael L. Jones
Electric T&D
Beaumont



Lewis D. Knowles
Sys. Eng. Design
Beaumont



Robert C. Lee
Electric T&D
Port Arthur



Roger D. Perry
Financial Servs.
Beaumont



William J. Reed Jr.
RB Nuclear Group
Beaumont

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Beaumont, Texas 77704

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Beaumont, Texas
Permit No. 11



As employees, we're all part of the GSU team. Most of us have an even greater stake in our company because we're full-fledged shareholders, too. The privilege includes a responsibility to participate in the decision-making process of our company. After all, employee shareholders are above

average. While the typical shareholder owns fewer than 100 shares, GSUers who own stock through employee benefit plans own an average of more than 100 shares of common stock each.

Our votes count, too, but to get counted, we have to mail in our proxy cards by April 27.